

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00

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INFO AMEMBASSY PARIS

AMCONSUL ORAN POUCH

USMISSION GENEVA

USMISSION USUN NEW YORK

UNCLAS ALGIERS 3219

E.O. 11652: N/A

TAGS: ETRD, EINV, SGEN, UN, ECOSOC, AG, BGEN

SUBJECT: PROPOSED FOREIGN COMMERCE LAW

1. SUMMARY: GOA HAS PROPOSED NEW LAW THAT WOULD MORE CLEARLY DEFINE STATE MONOPOLY OF FOREIGN COMMERCE, REQUIRE MANAGERS OF FOREIGN FIRMS TO BE OF SAME NATIONALITY AS FIRM, AND FORBID USE OF AGENTS IN FOREIGN COMMERCE. END SUMMARY.

2. MINISTER OF LIGHT INDUSTRY (ABDESSELAM) PRESENTED TO NATIONAL ASSEMBLY DECEMBER 26 DRAFT LAW GOVERNING FOREIGN COMMERCE.

3. LAW REITERATES PRICIPLE OF STATE MONOPOLY OF FOREIGN COMMERCE AND DEFINES STATE ENTITIES ALLOWED TO ENGAGE IN SUCH COMMERCE. STATE MAY DELEGATE ITS POWERS IN THIS SPHERE TO FOREIGN FIRMS OPERATTG UNER CONTRACT WITH THE STATE OR STATE AGENCIES OR TO ALGERIAN CITIZENS WISHING TO IMPORT ITEMS FOR WHICH THE STATE HAS NOT YET INSTITUTED IMPORT MECHANISM. LATTER PROVISIO IS TEMPORARY UNTIL STATE ABLE TO EXERCISE ITS FULL MONOPOLY POWER.

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4. LAW AUTHORIZES FOREIGN FIRMS WORKING FOR THE ALGERIAN STATE TO MAINTAIN OFFICES IN ALGERIA BUT REQUIRES THAT THEIR LOCAL MANAGER BE OF SAME NATIONALITY AS THE FIRM. PURPOSE SAID TO BE TO AVOID HAVING AN ALGERAIN REPRESNET FOREIGN CAPITAL AND TO AVOID LETTING NATIONALS OF ONE COUNTRY (E.G. FRANCE) GAIN KNOWLEDGE OF ALGERAIN DEALINGS WITH DIFFERENT COMPETING COUNTRIES.

5. LAW DEFINES ROLE OF CONSULTANTS AND EMPOWERS GOVERNMENT TO DEFINE THEIR QUALIFICATIONS. MEASURE INTENDED TO PREVENT CONSULTANTS FROM ACTING AS AGENTS OR INTERMEDIARIES.

6. INTERMEDIARIES (AGENTS) ARE FORMALLY OUTLAWED AND CRIMINAL PENALTIES, INCLUDING PRISON, ARE DESCRIBED. CLAUSE ABJURING USE OF AGENTS, LONG INSERTED IN MOST CONTRACTS, WILL BE REQUIRED IN ALL CONTRACTS WITH FOREIGN FIRMS.

7. COMMENT: PROVISIONS TOUCHING STATE MONOPOLY OF FOREIGN TRADE ARE SIMPLY TIGHTENING UP OF EXISTING PRACTICE AND SHOULD GIVE U.S. FIRMS LITTLE TROUBLE SINCE EXCEPTIONS POSSIBLE FOR FOREIGN CONTRACTORS WORKING FOR STATE AGENCY. PROVISION CONCERNING AGENTS IS CONSISTENT WITH PAST PRACTICE BUT TOUGHER IN WORDING AND EQUATES USE OF AGENTS WITH CORRUPTION, WHICH ALREADY OUTLAWED IN PENAL CODE (ARTICLES 128 AND 129). EFFORT TO SUPPRESS USE OF AGENTS SEEMS HEART OF LAW AND WE SHOULD STRENGTHEN OUR ADMONITIONS TO U.S. BUSINESS NOT TO EMPLOY AGENTS. PROVISION REQUIRING MANAGERS TO BE OF SAME NATIONALITY AS FIRMS WILL BE TROUBLESOME TO SEVERAL US FIRMS IF ENFORCED.

8. TEXT BEING SENT TO NEA/AFN.HAYNES

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